



New York State and Local Retirement Systems
Governor Smith State Office Building
Albany New York 12244-0001

TIER 1/TIER 2 LOAN APPLICATION
RS 5025
(Rev. 10/01)

The Retirement System does not accept pre-filed loan applications. If you are not sure you are eligible for a loan, please call our Touch Tone Loan Information line at (518) 474-7736.

Use a touch tone phone with your social security number and birth date and you can find out:



If you are eligible for a loan D Your current balance
How much you can borrow D Your repayment
amount D The answer to most loan questions

SEE IMPORTANT INFORMATION ON BACK OF FORM

Mail completed form to:
New York State & Local Retirement Systems
Gov. Smith State Office Bldg.
Albany, NY 12244-0001

Instructions: Complete (print or type using capital letters) all areas. Use only blue or black ink. Stay within white boxes. Leave blank boxes between words and numbers. Sign declaration in ink. Form must be notarized.

SOCIAL SECURITY NUMBER

Grid for Social Security Number: 9 boxes with dashes for the 4th and 5th positions.

REGISTRATION NUMBER (IF KNOWN)

Grid for Registration Number: 10 boxes with dashes for the 8th and 9th positions.

NAME

Grid for Name: 20 boxes.

PERMANENT MAILING ADDRESS (Street or PO Box)

Unit or Apt. #

Grid for Mailing Address: 30 boxes.

CITY

STATE

ZIP CODE

Grid for City, State, and ZIP Code: 15 boxes for city, 2 for state, 5 for ZIP code, and a dash for the 10th position.

ADDRESS TO WHICH YOU WANT YOUR CHECK SENT (If different from permanent mailing address)

Grid for Check Address: 30 boxes.

CITY

STATE

ZIP CODE

Grid for City, State, and ZIP Code: 15 boxes for city, 2 for state, 5 for ZIP code, and a dash for the 10th position.

HOME PHONE

WORK PHONE

Grid for Home and Work Phone Numbers: 10 boxes for home phone and 10 boxes for work phone, each with a dash for the 5th position.

EMPLOYER (Indicate if State or give name of County, City, Town, Village, Special District, etc.)

Grid for Employer Name: 30 boxes.

ANNUAL SALARY

REPAYMENT AMOUNT (per pay period)

Grid for Annual Salary and Repayment Amount: \$, , . 0 0 OR MINIMUM

CHECK ONLY ONE BOX IN EACH OF THE FOLLOWING SECTIONS

I am applying for:

Grid for Application Type: A maximum loan. A maximum non-taxable loan. A loan of \$, , . 0 0

PAYROLL FREQUENCY

Grid for Payroll Frequency: WEEKLY BI-WEEKLY SEMI-MONTHLY MONTHLY QUARTERLY SEMI-ANNUAL ANNUAL

Grid for Employee Type: I AM A 12 MONTH EMPLOYEE I AM A 10 MONTH EMPLOYEE I AM A SEASONAL EMPLOYEE

TO THE COMPTROLLER OF THE STATE OF NEW YORK:

I APPLY FOR A LOAN FROM THE RETIREMENT SYSTEM IN THE AMOUNT SHOWN ABOVE. I AGREE THAT THE LEGAL DEDUCTIONS, INCLUDING INTEREST SHALL BE TAKEN FROM MY SALARY FOR EACH FUTURE PAYROLL PERIOD UNTIL THE TOTAL AMOUNT IS REPAID. I AGREE THAT THE RATE OF INTEREST ON THIS LOAN SHALL BE FIXED BY THE COMPTROLLER, AND MAY BE DECREASED OR INCREASED BY THE COMPTROLLER FROM TIME TO TIME AND AT ANY TIME, PROVIDED IT SHALL NOT BE LESS THAN REGULAR INTEREST NOR MORE THAN SIX PER CENT PER ANNUM. I AGREE THAT MY ANNUITY SAVINGS ACCOUNT BE CHARGED WITH THE REQUIRED LOAN INSURANCE PREMIUMS UNTIL THE LOAN IS REPAID.

Signature (Must be signed in ink and acknowledged by a notary)

THIS ACKNOWLEDGMENT MUST BE COMPLETED BY A NOTARY PUBLIC

State of County of ss:

On this day of, 20, before me personally appeared to me known and known to be the same person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same.

Notary Public, State of

(Affix stamp and expiration date)

NOTICE OF WITHHOLDING ON TAXABLE LOAN DISTRIBUTION

The situations in which loans may have a taxable portion are described on the back of this form. Federal law requires the Retirement System to withhold appropriate federal tax from any loan you receive unless you elect not to have this automatic withholding apply by signing the election below. Withholding will only apply to the portion of your loan that is includable for federal income tax. If you elect not to have withholding apply to your loan or if you do not have enough federal income tax withheld from your payment, you may be responsible for paying estimated tax. You may incur penalties under the estimated tax rules if your withholding or estimated payment is insufficient.

ELECTION FOR PAYEE: I do not want to have Federal Income Tax withheld from my payment.

Signed: Date:

ALL TIER 1/TIER 2 MEMBER LOANS ARE SUBJECT TO THE FOLLOWING:

- ✓ **You must be in active service** with the State or a participating employer, have credit for at least one year of member service, and have annuity savings. Members on a leave of absence are not considered to be in active service. If you are retiring, your loan application must be received before your date of retirement in order for it to be processed.
- ✓ Only one loan may be granted every 90 days.
- ✓ A loan may not be granted for less than \$25.
- ✓ The maximum loan permitted under law is 75% of the contributions you have on deposit, less any outstanding loan balance. If the requested loan amount exceeds the legal limit, your application will be processed for the maximum amount allowable.
- ✓ The minimum repayments must be an amount sufficient to **repay the loan within five years** and no less than \$3.00 if paid weekly, \$5.00 if bi-weekly or semi-monthly, or \$10.00 if monthly. Loan repayments are in even dollar amounts and must be paid through payroll deductions for as long as you are on the payroll. If you leave payroll, call the loan unit at (518)474-4608 to make arrangements to repay the loan directly. Any unpaid loan will be defaulted.
- ✓ Interest is charged on loans at the rate of 5% per annum, based on the outstanding balance at the beginning of each month.
- ✓ If you retire or withdraw from the Retirement System and have an outstanding loan on the effective date of your retirement or withdrawal, part or all of the loan balance may constitute taxable funds which were credited to your account and, therefore, would be subject to federal income tax in the year in which you retire or withdraw. Since this income would not be reportable until you retire or withdraw, information regarding the amount will be furnished to you at that time.
- ✓ Loans are fully insured against the death of the member prior to retirement. There is no insurance for the first 30 days. Premiums to cover the cost of this insurance are based on the amount of the loan and your age, and are charged against your contribution balance at the end of the year. **Loan insurance does not cover you if you become disabled or unemployed.**

IMPORTANT BENEFIT INFORMATION

If you have an outstanding loan balance at the time of your retirement your benefit will be permanently reduced by the actuarial equivalent of the amount of the outstanding loan.

The following tables show the approximate annual reduction in benefits for each \$1,000 of loan outstanding at retirement if you retire at various ages.

EMPLOYEE’S RETIREMENT SYSTEM

Service Retirement Reductions

Age at Retirement	55 70		60		62		65
Annual Reduction	\$84.95	\$90.65	\$93.48	\$98.49	\$109.83		

POLICE & FIRE RETIREMENT SYSTEM

Service Retirement Reductions

Age at Retirement	45	50	55	60	62	65
Annual Reduction	\$77.34	\$80.78	\$85.70	\$92.63	\$96.10	\$102.23

IMPORTANT FEDERAL TAX INFORMATION

1. If the loan you take results in your outstanding balance being more than \$50,000, any amount over \$50,000 will be reported to the IRS as ordinary income for the current year.
2. If the loan you take results in your outstanding balance being more than the greater of (a) \$10,000 or (b) 50% of the present value of your accrued non-forfeitable benefit, the amount over that figure will be reported to the IRS as ordinary income for the current year. If you are not vested, the present value of your accrued non-forfeitable benefit is equal to the amount on deposit in your account. If you are vested, the present value of your accrued non-forfeitable benefit is an actuarially determined amount.
3. If you do not make payments on your loan at least once every three months, or do not complete payment within five years of the date the loan is issued, the entire amount due on your loan at the time you stop making payments, or at the end of the five years, whichever comes first, will be reportable to the IRS as ordinary income. If you go off the payroll, or your payments stop prematurely, contact the loan unit at (518)474-4608 to make arrangements to repay the loan directly.
4. The Retirement System will calculate the taxable amount of the loan at the time any reporting takes place, and will provide you with a form 1099-R which will assist you in preparing your income tax return.
5. If you are under age 59 1/2 at the time any part of your loan becomes reportable, you may be subject to an additional 10% penalty tax. The Federal Internal Revenue Code imposes this penalty tax on amounts which are deemed to be a distribution prior to the member’s actual retirement.
6. If your loan is reported to the IRS, the principal portion of any subsequent payment you make, up to the amount reported as taxable, will be recovered during retirement.

PERSONAL PRIVACY PROTECTION LAW

In accordance with the Personal Privacy Law you are hereby advised that pursuant to the Retirement and Social Security Law, the Retirement System is required to maintain records. The records are necessary to determine eligibility for and to calculate benefits. Failure to provide information may result in the failure to pay benefits. The System may provide certain information to participating employers. The official responsible for maintaining these records is the, Director of Member Services, New York State and Local Retirement Systems, Albany, NY 12244-0001; Telephone Number (518) 474-4608.

SOCIAL SECURITY DISCLOSURE REQUIREMENT

In accordance with the Federal Privacy Act of 1974, you are hereby advised that disclosure of the Social Security Account Number is mandatory pursuant to Sections 11, 34, 311 and 334 of the Retirement and Social Security Law. The number will be used in identifying retirement records and in the administration of the Retirement System.

BANKRUPTCY INFORMATION

A loan from the Retirement System based on a member’s contributions is not a debt and, therefore, is not dischargeable in bankruptcy.